

107TH CONGRESS
1ST SESSION

H. R. 2765

To expand the teacher loan forgiveness programs under the guaranteed and direct student loan programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2001

Mr. INSLEE (for himself, Mr. HASTINGS of Florida, Mr. HINCHEY, Mrs. MINK of Hawaii, Mr. CROWLEY, Mr. SCHIFF, Mr. McDERMOTT, Ms. McKINNEY, and Ms. LEE) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To expand the teacher loan forgiveness programs under the guaranteed and direct student loan programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Teachers For Tomor-
5 row Act of 2001”.

1 **SEC. 2. REVISION OF TEACHER LOAN FORGIVENESS PRO-**
2 **GRAMS.**

3 (a) GUARANTEED STUDENT LOANS.—Part B of title
4 IV of the Higher Education Act of 1965 is amended by—

5 (1) redesignating section 428K (20 U.S.C.
6 1078–11) as section 428L; and

7 (2) by inserting after section 428J the following
8 new section:

9 **“SEC. 428K. EXPANDED LOAN FORGIVENESS FOR TEACH-**
10 **ERS.**

11 “(a) PURPOSE.—It is the purpose of this section to
12 expand, subject to the availability of appropriations there-
13 for, the eligibility of individuals to qualify for loan forgive-
14 ness for teachers beyond that available under section
15 428J, in order to provide additional incentives for such
16 individuals to enter and continue in the teaching profes-
17 sion.

18 “(b) PROGRAM AUTHORIZED.—

19 “(1) IN GENERAL.—From the sums appro-
20 priated pursuant to subsection (i), the Secretary
21 shall carry out a program, through the holder of the
22 loan, of assuming the obligation to repay a qualified
23 loan amount for a loan made under section 428 or
24 428H, in accordance with subsection (c), for any
25 new borrower on or after October 1, 1998, who is

1 not eligible for loan forgiveness under section 428J,
2 but who—

3 “(A) is employed as a full-time teacher—

4 “(i) in a public elementary or sec-
5 ondary school;

6 “(ii) if employed as a secondary school
7 teacher, is teaching a subject area that is
8 relevant to the borrower’s academic major
9 as certified by the chief administrative offi-
10 cer of the public secondary school in which
11 the borrower is employed; and

12 “(iii) if employed as an elementary
13 school teacher, has demonstrated, as cer-
14 tified by the chief administrative officer of
15 the public elementary school in which the
16 borrower is employed, knowledge and
17 teaching skills in reading, writing, mathe-
18 matics, or other areas of the elementary
19 school curriculum;

20 “(B) has a State certification (which may
21 include certification obtained through alter-
22 native means) or a State license to teach, and
23 has not failed to comply with State or local ac-
24 countability standards; and

1 “(C) is not in default on a loan for which
2 the borrower seeks forgiveness.

3 “(2) SELECTION OF RECIPIENTS.—The Sec-
4 retary shall by regulations, establish a formula that
5 ensures fairness and equality for applicants in the
6 selection of borrowers for loan repayment under this
7 section, based on the amount available pursuant to
8 subsection (i).

9 “(c) QUALIFIED LOANS AMOUNT.—

10 “(1) IN GENERAL.—The Secretary shall repay
11 not more than the percentage specified in paragraph
12 (2) of the loan obligation on a loan made under sec-
13 tion 428 or 428H that is outstanding after the com-
14 pletion of each complete school year of teaching de-
15 scribed in subsection (b)(1). No borrower may re-
16 ceive a reduction of loan obligations under both this
17 section and section 460.

18 “(2) PERCENTAGE ELIGIBLE.—The percent of
19 the loan obligation which the Secretary shall repay
20 under paragraph (1) of this subsection is—

21 “(A) in the case of teaching in a school
22 that qualifies under section 465(a)(2)(A) for
23 loan cancellation for Perkins loan recipients
24 who teach in such schools, 25 percent for the

1 first or second year of such service, and 50 per-
2 cent for the third year of such service; or

3 “(B) in the case of any other public ele-
4 mentary or secondary school, 15 percent for the
5 first or second year of such service, 20 percent
6 for the third or fourth year of such service, and
7 30 percent for the fifth year of such service.

8 “(3) TREATMENT OF CONSOLIDATION LOANS.—

9 A loan amount for a loan made under section 428C
10 may be a qualified loan amount for the purposes of
11 this subsection only to the extent that such loan
12 amount was used to repay a Federal Direct Stafford
13 Loan, a Federal Direct Unsubsidized Stafford Loan,
14 or a loan made under section 428 or 428H for a
15 borrower who meets the requirements of subsection
16 (b), as determined in accordance with regulations
17 prescribed by the Secretary.

18 “(4) TREATMENT OF YEARS OF SERVICE FOR
19 CONTINUING EDUCATION LOANS.—For purposes of
20 paragraph (2), the year of service is determined on
21 the basis of the academic year that the borrower
22 began the service as a full-time teacher, except that
23 in the case of a borrower who incurs a loan obliga-
24 tion for continuing education expenses while teach-
25 ing, the year of service is determined on the basis

1 of the academic year following the academic year for
2 which the loan obligation was incurred.

3 “(d) REGULATIONS.—The Secretary is authorized to
4 issue such regulations as may be necessary to carry out
5 the provisions of this section.

6 “(e) CONSTRUCTION.—Nothing in this section shall
7 be construed to authorize any refunding of any repayment
8 of a loan.

9 “(f) LIST.—If the list of schools in which a teacher
10 may perform service pursuant to subsection (c)(2)(A) is
11 not available before May 1 of any year, the Secretary may
12 use the list for the year preceding the year for which the
13 determination is made to make such service determination.

14 “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

15 “(1) CONTINUED ELIGIBILITY.—Any teacher
16 who performs service in a school that—

17 “(A) meets the requirements of subsection
18 (b)(1)(A) in any year during such service; and

19 “(B) in a subsequent year fails to meet the
20 requirements of such subsection,

21 may continue to teach in such school and shall be
22 eligible for loan forgiveness pursuant to subsection
23 (b).

24 “(2) PREVENTION OF DOUBLE BENEFITS.—No
25 borrower may, for the same service, receive a benefit

1 under both this section and subtitle D of title I of
 2 the National and Community Service Act of 1990
 3 (42 U.S.C. 12571 et seq.).

4 “(h) DEFINITION.—For purposes of this section, the
 5 term ‘year’, where applied to service as a teacher, means
 6 an academic year as defined by the Secretary.

7 “(i) AUTHORIZATION OF APPROPRIATIONS.—There
 8 are authorized to be appropriated to carry out this section
 9 such sums as may be necessary for fiscal year 2002 and
 10 each of the 5 succeeding fiscal years.”.

11 (b) DIRECT STUDENT LOANS.—Part D of title IV of
 12 the Higher Education Act of 1965 is amended by inserting
 13 after section 460 the following new section:

14 **“SEC. 460A. EXPANDED LOAN FORGIVENESS FOR TEACH-**
 15 **ERS.**

16 “(a) PURPOSE.—It is the purpose of this section to
 17 expand, subject to the availability of appropriations there-
 18 for, the eligibility of individuals to qualify for loan forgive-
 19 ness for teachers beyond that available under section 460,
 20 in order to provide additional incentives for such individ-
 21 uals to enter and continue in the teaching profession.

22 “(b) PROGRAM AUTHORIZED.—

23 “(1) IN GENERAL.—From the sums appro-
 24 priated pursuant to subsection (i), the Secretary
 25 shall carry out canceling the obligation to repay a

1 qualified loan amount in accordance with subsection
2 (c) for Federal Direct Stafford Loans and Federal
3 Direct Unsubsidized Stafford Loans made under this
4 part for any new borrower on or after October 1,
5 1998, who is not eligible for loan forgiveness under
6 section 460, but who—

7 “(A) is employed as a full-time teacher—

8 “(i) in a public elementary or sec-
9 ondary school;

10 “(ii) if employed as a secondary school
11 teacher, is teaching a subject area that is
12 relevant to the borrower’s academic major
13 as certified by the chief administrative offi-
14 cer of the public secondary school in which
15 the borrower is employed; and

16 “(iii) if employed as an elementary
17 school teacher, has demonstrated, as cer-
18 tified by the chief administrative officer of
19 the public elementary school in which the
20 borrower is employed, knowledge and
21 teaching skills in reading, writing, mathe-
22 matics, or other areas of the elementary
23 school curriculum;

24 “(B) has a State certification (which may
25 include certification obtained through alter-

1 native means) or a State license to teach, and
2 has not failed to comply with State or local ac-
3 countability standards; and

4 “(C) is not in default on a loan for which
5 the borrower seeks forgiveness.

6 “(2) SELECTION OF RECIPIENTS.—The Sec-
7 retary shall by regulations, establish a formula that
8 ensures fairness and equality for applicants in the
9 selection of borrowers for loan repayment under this
10 section, based on the amount available pursuant to
11 subsection (i).

12 “(c) QUALIFIED LOANS AMOUNT.—

13 “(1) IN GENERAL.—The Secretary shall cancel
14 not more than the percentage specified in paragraph
15 (2) of the loan obligation on a loan made under this
16 part that is outstanding after the completion of each
17 complete school year of teaching described in sub-
18 section (b)(1). No borrower may receive a reduction
19 of loan obligations under both this section and sec-
20 tion 428J.

21 “(2) PERCENTAGE ELIGIBLE.—The percent of
22 the loan obligation which the Secretary shall cancel
23 under paragraph (1) of this subsection is—

24 “(A) in the case of teaching in a school
25 that qualifies under section 465(a)(2)(A) for

1 loan cancellation for Perkins loan recipients
2 who teach in such schools, 25 percent for the
3 first or second year of such service, and 50 per-
4 cent for the third year of such service; or

5 “(B) in the case of any other public ele-
6 mentary or secondary school, 15 percent for the
7 first or second year of such service, 20 percent
8 for the third or fourth year of such service, and
9 30 percent for the fifth year of such service.

10 “(3) TREATMENT OF CONSOLIDATION LOANS.—

11 A loan amount for a Federal Direct Consolidation
12 Loan may be a qualified loan amount for the pur-
13 poses of this subsection only to the extent that such
14 loan amount was used to repay a Federal Direct
15 Stafford Loan, a Federal Direct Unsubsidized Staf-
16 ford Loan, or a loan made under section 428 or
17 428H for a borrower who meets the requirements of
18 subsection (b), as determined in accordance with
19 regulations prescribed by the Secretary.

20 “(4) TREATMENT OF YEARS OF SERVICE FOR

21 CONTINUING EDUCATION LOANS.—For purposes of
22 paragraph (2), the year of service is determined on
23 the basis of the academic year that the borrower
24 began the service as a full-time teacher, except that
25 in the case of a borrower who incurs a loan obliga-

1 tion for continuing education expenses while teach-
2 ing, the year of service is determined on the basis
3 of the academic year following the academic year for
4 which the loan obligation was incurred.

5 “(d) REGULATIONS.—The Secretary is authorized to
6 issue such regulations as may be necessary to carry out
7 the provisions of this section.

8 “(e) CONSTRUCTION.—Nothing in this section shall
9 be construed to authorize any refunding of any repayment
10 of a loan.

11 “(f) LIST.—If the list of schools in which a teacher
12 may perform service pursuant to subsection (c)(2)(A) is
13 not available before May 1 of any year, the Secretary may
14 use the list for the year preceding the year for which the
15 determination is made to make such service determination.

16 “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

17 “(1) CONTINUED ELIGIBILITY.—Any teacher
18 who performs service in a school that—

19 “(A) meets the requirements of subsection
20 (b)(1)(A) in any year during such service; and

21 “(B) in a subsequent year fails to meet the
22 requirements of such subsection,

23 may continue to teach in such school and shall be
24 eligible for loan forgiveness pursuant to subsection
25 (b).

1 “(2) PREVENTION OF DOUBLE BENEFITS.—No
2 borrower may, for the same service, receive a benefit
3 under both this section and subtitle D of title I of
4 the National and Community Service Act of 1990
5 (42 U.S.C. 12571 et seq.).

6 “(h) DEFINITION.—For purposes of this section, the
7 term ‘year’, where applied to service as a teacher, means
8 an academic year as defined by the Secretary.

9 “(i) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated to carry out this section
11 such sums as may be necessary for fiscal year 2002 and
12 each of the 5 succeeding fiscal years.”.

13 **SEC. 3. NO INCOME TAX BY REASON OF LOAN FORGIVE-**
14 **NESS.**

15 Subsection (f) of section 108 of the Internal Revenue
16 Code of 1986 is amended by adding at the end the fol-
17 lowing new paragraph:

18 “(4) LOAN FORGIVENESS FOR TEACHERS.—In
19 the case of an individual, gross income does not in-
20 clude any amount which (but for this paragraph)
21 would be includible in gross income by reason of the
22 discharge (in whole or in part) of any loan if such
23 discharge was pursuant to section 428J, 428K, 460,
24 or 460A of the Higher Education Act of 1965 (20

1 U.S.C. 1078–10), as in effect on the date of the en-
2 actment of this paragraph.”

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